



UTAH TAXPAYERS ASSOCIATION

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August 7, 2008

Commissioner D'Arcy Dixon Pignanelli
Utah State Tax Commission
1950 West 210 North
Salt Lake City, UT 84134

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AUG 12 2008
O.O.C.

RE: Petition to Amend Tax Commission Rule R865-19S-²⁸₇

Dear Tax Commissioners:

On August 7, 2008, Questar Exploration and Production Company, Rocky Mountain Power, and Kern River Pipeline Company submitted a Petition requesting the Tax Commission to amend Tax Commission Rule R865-6F-28 to clarify that enterprise zone franchise and income tax credits are available to qualifying business entities regardless of whether they are included on a Utah combined report with an entity engaged in retail trade or a public utilities business. The Utah Taxpayers Association supports such Petition, and requests that the Tax Commission amend Rule R865-6F-28 as requested in the Petition.


The Taxpayers Association believes that the both the express statutory language, and the policy behind the enterprise zone statutes mandates that enterprise zone credits be allowed without regard to the entities included on a combined report. Enterprise zones were created for the purpose of spawning economic activity in distressed areas. An oil and gas production company, or a manufacturing entity creates precisely the intended type of economic activity, whether or not they are part of a corporate conglomerate that includes a retailer or a public utility. The Taxpayers Association believes that denying the credits because of other entities included on a combined report defeats the purpose of the enterprise zone credits.


The better policy (which comports with the statutory language) is to allow the credits to qualifying separate entities, regardless of who is or is not included on their combined report.

Utah's advocate for lower taxes and sound tax policy.

For these reasons, and the other reasons cited in the Petition, the Taxpayers Association respectfully requests that the Commission amend Rule R865-6F-28 as requested.

Sincerely,


Howard Stephenson
President


M. Royce Van Tassell
Vice President